It did not work that way. Some people went into these mortgage agreements and negotiations without the equipment to understand what they were getting into.

I am a lawyer by training. I have been through a lot of closings for real estate. We all know what it is about. They sit you in a room, your wife by your side, and put a stack of papers in front of you. They start turning the corners, talking faster than any salesman you have ever run into, telling you: Do not worry about this one, sign it. Do not worry about this one, sign it. It is routine, required by Federal law—on and on and on. Pretty soon, with your hand weary at the end of half an hour or so, you have signed 30 or 40 documents. They hand you the paper and say: The first payment is due in 60 days. I know you are going to love this place.

That is what most closings are all about. Not many lawyers and very few purchasers stop them and say: I want to read this document. Can you tell me what paragraph 6 means? Are you sure I am understanding everything this means?

Most of the time, the average people in America are at the mercy of the folks sitting around them. They are bankers, they are lawyers, real estate agents. They are at their mercy and, unfortunately, under some circumstances, some people were misled into mortgage arrangements which were just plain wrong.

For the longest time we went through something called no-doc mortgages. Do you know what that means? No documentation.

How much money do you make?

Oh, I don't know, $50,000.

How much debt do you have?

Oh, I don't know, maybe $10,000.

You qualify.

Do you need some documentation?

No, we have to move this through fast. We need to capture an interest rate.

This sort of thing was the height of irresponsibility. At the end of the day, people ended up with these subprime mortgages for homes they, frankly, could not afford, and the day quickly came when this house of cards literally collapsed, and mortgages started being foreclosed across America.

Well, it is not just your neighbor's problem when a house is foreclosed upon. It is your problem too. Even if you are making your mortgage payment, that neighbor's misfortune just affected the value of the home you hold near and dear. That neighbor's inability or failure to pay the mortgage payment is going to affect the value of your home where you just made the mortgage payment and continue to. That is the reality.

The Chicago Sun Times recently reported on the situation of Chris and Marcia Parker. They are in the south suburb of Thornton just outside Chicago. They live in a small brick home that Marcia's father built in the early 1950s. She grew up in the house. The couple moved back home to take care of her elderly mother.

At the time they took out a mortgage to pay for a new roof and a new furnace. They ran a small business, but the business failed, causing them to file for bankruptcy. They both landed new jobs with the same company, but were then laid off at the same time last July because of the recession.

Chris, the husband, found a new job; Marcia has not. Now they are falling behind on their mortgage. They put up for sale the house Marcia's father built. They could not find a buyer. They have now received a foreclosure notice. The foreclosure could happen as early as a week from now. They are trying to reach the lender and work out an arrangement to stay in the home her parents built. Worse, they cannot find a place to rent because their previous bankruptcy, based on the failing small business, they have no idea where they are going to live and whether they will lose their home.

Does this sound like a deadbeat couple to you? It does not to me. It sounds like a couple that has fallen on misfortune, tried their best, tried to get back on their feet, and they keep stumbling and falling again despite their best efforts. This family was not reckless. They were not speculators in the market. We are talking about a house her parents built. They did not buy too much house.

This is a story of a family who has tried to do the right thing and is facing the very real possibility of losing their family home and having nowhere to turn. It is happening over and over again.

In Chicago, there were nearly 20,000 homes last year which entered the foreclosure process. This map tells the story. It looks like this great city of Chicago with the measles. Well, it turns out to be this great city of Chicago with a reflection on the 2008 foreclosure filings.

Get down here around Midway Airport where I travel a lot—I go to O'Hare a lot, too, I might add—and take a look at what is going on in these neighborhoods, in these plots. I took a look at one specific Zip Code right around Midway Airport, and I looked at it visually closely. I could only find five blocks in that Zip Code that did not have at least one home in mortgage foreclosure.

Now, if you traveled to these homes, you might notice them when you are flying in and out of the city. These are neat little brick bungalow homes, not lavish homes, basic two- and three-bedroom homes where folks spend the extra dollars to finish the basement, put in an above-ground pool in the backyard, or try to put something in the attic where the kids can sleep over if they want to. These are basic middle-class family homes, and folks are losing them right and left.

Now, 2 weeks ago I went to Albany Park. That is on the north side of the city of Chicago—again, neighborhood after neighborhood of neat little family homes where people care, where the homes are well taken care of, little garden plots and flowers and decorative efforts by them to make sure their home looks special. Smack dab in the middle of that area was a building, a three-story building that had been, I guess, developed originally as a condo. When they could not sell the condos, they developed it into apartments, and then mortgage foreclosure. That is now boarded up. It has been vandalized by gangs that go in and rip out the copper piping and everything they can get their hands on. The drug gangs hang out there.

I stood around that neighborhood with the neighbors, many of whom were elderly people, folks who have accents because they came to this country and worked hard and now want to retire. They looked at me and said: Senator, what are you going to do about this? This mortgage foreclosure on our block is changing our lives. We put all of our lives in that home, and now this monstrosity of a foreclosure is destroying our property value.

Well, I have been involved in an effort for 2 years to do something about this, 2 straight years. I am still trying. And here is what it is. If you go into bankruptcy, if you have more debts than you have assets, the court right now can take a look at your debts. In some instances, they can try to restructure the debt so you can pay it off.

If you have a vacation home in Florida, the bankruptcy judge can say: Well, rather than foreclose your vacation home in Florida, we think you have enough income coming in that we will work with the lender and try to make the mortgage terms work. If you own a farm, we can work with the lender to make the mortgage terms work. If you own a ranch, same situation. Same thing on that boat, on that car, on that motorcycle; we can do it—with one exception.

Do you know what the exception is? Your private residence. Your personal home. The bankruptcy court is prohibited by law from looking at that mortgage and saving your home. They can save your vacation condo, your ranch, your farm, all of these other things. They cannot save your home.

It makes no sense. If your home means as much to you as it does to my family and most families, you would think that would be a high priority. Who resists this? The banks do and the mortgage bankers do. They have given it this nice, negative name: cram-down. We are going to let the bankruptcy court cram down that mortgage on your home.

Boy, they sure did not use cram-down when it came to vacation homes or farms or ranches, but now they want to stop it. Why? Because many of them do not want to negotiate a new mortgage. It makes no sense.

A bank, when a mortgage goes into foreclosure, will lose at least $50,000 on